



Risk and Assurance Committee Agenda

NOTICE IS GIVEN that the next meeting of the Risk and Assurance Committee will be held in Council Chambers, Regional House, 1 Elizabeth Street, Tauranga on:

Thursday 4 March 2021 COMMENCING AT 09:30 am

This meeting will be recorded.

The Public section of this meeting will be recorded and uploaded to Bay of Plenty Regional Council's website. Further details on this can be found after the Terms of Reference within the Agenda.

Fiona McTavish
Chief Executive, Bay of Plenty Regional Council Toi Moana
24 February 2021

Risk and Assurance Committee

Membership

Chairperson	Cr David Love
Deputy Chairperson	Bruce Robertson (Independent)
Members	Cr Bill Clark Cr Stuart Crosby Cr Andrew von Dadelszen Cr Te Taru White
Ex Officio	Chairman Doug Leeder
Quorum	Three members, consisting of half the number of members
Meeting frequency	Quarterly

Purpose

Monitor the effectiveness of Council's funding and financial policies and frameworks to ensure the Council is managing its finances in an appropriate manner.

Monitor the effectiveness of Council's performance monitoring framework.

Ensure that Council is delivering on agreed outcomes.

Role

- Monitor the effectiveness of Council's funding and financial policies and Council's performance monitoring framework (financial and non-financial);
- Review Council's draft Annual Report prior to Council's adoption;
- Receive and review external audit letters and management reports;
- Approve and review the internal audit plan and review the annual programme report;
- Approve, review and monitor Council's risk framework and policy;
- Review the risk register;
- Monitor Council's legislative compliance and receive reporting on non-compliance matters as part of risk management reporting.

Power to Act

To make all decisions necessary to fulfil the role and scope of the committee subject to the limitations imposed.

Power to Recommend

To Council and/or any standing committee as it deems appropriate.

- The Risk and Assurance Committee is not delegated authority to:
- Develop, review or approve strategic policy and strategy.
- Develop, review or approve Council's Financial Strategy, funding and financial policies and non-financial operational policies and plans.

The Risk and Assurance Committee reports directly to the Regional Council.

Recording of Meetings

Please note the Public section of this meeting is being recorded and will be uploaded Bay of Plenty Regional Council's web site in accordance with Council's Live Streaming and Recording of Meetings Protocols which can be viewed on Council's website. The recording will be archived and made publicly available on Council's website within two working days after the meeting on www.boprc.govt.nz for a period of three years (or as otherwise agreed to by Council).

All care is taken to maintain your privacy; however, as a visitor in the public gallery or as a participant at the meeting, your presence may be recorded. By remaining in the public gallery, it is understood your consent is given if your image is inadvertently broadcast.

Opinions expressed or statements made by individual persons during a meeting are not the opinions or statements of the Bay of Plenty Regional Council. Council accepts no liability for any opinions or statements made during a meeting.

Bay of Plenty Regional Council - Toi Moana

Governance Commitment

**mō te taiao, mō ngā tāngata - our environment and our people
go hand-in-hand.**

We provide excellent governance when, individually and collectively, we:

- Trust and respect each other
- Stay strategic and focused
- Are courageous and challenge the status quo in all we do
- Listen to our stakeholders and value their input
- Listen to each other to understand various perspectives
- Act as a team who can challenge, change and add value
- Continually evaluate what we do

**TREAD LIGHTLY, THINK DEEPLY,
ACT WISELY, SPEAK KINDLY.**

Recommendations in reports are not to be construed as Council policy until adopted by Council.

Agenda

- 1. Apologies**
- 2. Public Forum**
- 3. Items not on the Agenda**
- 4. Order of Business**
- 5. Declaration of Conflicts of Interest**
- 6. Public Excluded Business to be Transferred into the Open**
- 7. Minutes**
Minutes to be Confirmed
 - 7.1 Risk and Assurance Committee Minutes - 1 December 2020 9**
- 8. Reports**
Information Only
 - 8.1 Audit New Zealand Report to the Council for the year ending 30 June 2020 15**
 - 8.2 Chairperson's Report 18**

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Attachment 2 - Risk and Assurance Completed Work Programme February 2020 to December 2020 22
 - 8.3 Internal Audit Status Update 25**

Attachment 1 - Climate Change Impacts Key Risk Mitigations - Executive Summary 30
- 9. Public Excluded Section**
Resolution to exclude the public

Excludes the public from the following parts of the proceedings of this meeting as set out below:

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific

grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No.	Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution	When the item can be released into the public
9.1	Public Excluded Risk and Assurance Committee Minutes - 1 December 2020	As noted in the relevant Minutes.	As noted in the relevant Minutes.	To remain in public excluded.
9.2	Update: Legal Risk Management	Making the information available would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial; Withholding the information is necessary to maintain legal professional privilege.	48(1)(a)(i) Section 6 (a); 48(1)(a)(i) Section 7 (2)(g).	On the Chief Executive's approval.
9.3	Cybersecurity Risk Management	Withholding the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public; Withholding the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	48(1)(a)(i) Section 7 (2)(e); 48(1)(a)(i) Section 7 (2)(j).	On the Chief Executive's approval.
9.4	Key Risk Register - December 2020	Withholding the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	48(1)(a)(i) Section 7 (2)(j).	To remain in public excluded.

Minutes to be Confirmed

9.1 Public Excluded Risk and Assurance Committee Minutes - 1 December 2020

Public Excluded Presentations

9.2 Update: Legal Risk Management

Decisions Required

9.3 Cybersecurity Risk Management

Information Only

9.4 Key Risk Register - December 2020

Attachment 1 - Key Risk Register - December 2020

Attachment 2 - Key Risk Register - Heat Map Dec 2020

10. Public Excluded Business to be Transferred into the Open

11. Readmit the Public

12. Consideration of Items not on the Agenda

Risk and Assurance Committee

Open Minutes

- Commencing:** Tuesday 1 December 2020, 9.30 am
- Venue:** Council Chambers, Regional House, 1 Elizabeth Street, Tauranga
- Chairperson:** Cr David Love
- Deputy Chairperson:** Bruce Robertson
- Members:** Cr Bill Clark
Cr Stuart Crosby
Cr Andrew von Dadelszen
Chairman Doug Leeder (Ex Officio)
- In Attendance:** Councillors: Norm Bruning, Kevin Winters, Stacey Rose, Paula Thompson and Jane Nees (via Zoom).
- Staff: Mat Taylor – General Manager, Corporate; Sarah Omundsen – General Manager, Regulatory Services, Chris Ingle, General Manager Integrated Catchments; Namouta Poutasi – General Manager, Strategy & Science; Debbie Hyland – Finance & Transport Operations Manager; Steven Slack – Risk & Assurance Manager; Aaron Huggins – Principal Internal Auditor; Mark Le Comte – Principal Advisor, Finance; Monique Brooks – Legal Counsel and Merinda Pansegrouw – Committee Advisor.
- External Presenter: Leon Pieterse – Audit Director, Audit New Zealand
- Apologies:** Cr Te Taru White

Declaration of public recording

Committee members and the public were reminded that the public section of the meeting was being recorded and would be made available on the Bay of Plenty Regional Council website following the meeting and archived for a period of three years as noted on page 4 of the agenda.

1. Apologies

Resolved

That the Risk and Assurance Committee:

- 1 Accepts the apology from Cr Te Taru White tendered at the meeting.

Love/Robertson

CARRIED

Item 7.1

2. Order of Business

Members noted a change in the order of business to accommodate an external presenter from Audit NZ: Accordingly, item 8.2 – “Audit Engagement Letter: Audit of the Consultation Document and Long-term Plan for the period commencing 1 July 2021” was considered before item 8.1 – “Chairperson’s Report”.

3. Declaration of Conflicts of Interest

No declarations of conflict of interest advised.

4. Minutes

Minutes to be Confirmed

4.1 Risk and Assurance Committee Minutes - 15 October 2020

Matters Arising

In relation to Minute Item 5.1 “2019/20 Draft Annual Report review”, members noted the following:

The Executive Summary 2019/20 Draft Annual report (Page 77) had been updated by providing clarification on the status of the Regional Coastal Environment Plan (RCEP), indicating that the Plan had been signed off by the Minister of Conservation.

The relevant text in the Draft Annual report now read as follows:

“The Regional Coastal Environment Plan (RCEP) became operative in December 2019. At this time there were two remaining appeals that were discrete matters relating to Matakana and Motiti. The Environment Court provided full and final decisions on these appeals in June 2020 and the council adopted these remaining parts of the RCEP and now these two resolved appeals have been referred to the Minister of Conservation for approval, which we expect in the new year.”

Members noted that the Annual Report was due to be presented to Council for adoption at the Council meeting scheduled for 17 December 2020.

Resolved

That the Risk and Assurance Committee:

- 1 Confirms the Risk and Assurance Committee Minutes - 15 October 2020 as a true and correct record.**

von Dadelszen/Crosby
CARRIED

5. Reports

Information Only

5.1 Chairperson's Report

Tabled Document 1 - Tabled item 1 - Risk and Assurance Work Programme March 2021 to June 2021: Objective ID A3686224

General Manager, Corporate Mat Taylor updated members on the Risk and Assurance Committee's activities and provided an overview of the work programme for March 2021 to June 2021. (Refer Tabled item 1)

Item for Staff Follow Up:

- A report on the status of Information Technology Security to be added to the Risk and Assurance Committee Work Programme for March 2021.

Resolved

That the Risk and Assurance Committee:

- 1 Receives the report, Chairperson's Report.**

**von Dadelszen/Crosby
CARRIED**

5.2 **Audit Engagement Letter: Audit of the consultation document and Long-Term Plan for the period commencing 1 July 2021**

Audit New Zealand Audit Director Leon Pieterse and Finance & Transport Operations Manager Debbie Hyland presented the report.

Key Points by Audit Director Leon Pieterse:

- Advised that due to Covid-19 and the continued impact delaying audit work, there might be an unforeseen impact on the timeframes/last minute changes to timelines
- The Office of the Auditor-General had agreed that Councils' Long Term Plans (LTPs) be regarded as high priority; this provided the support required to secure more resources
- The Audit fee of \$85,000, covering both the consultation document and the LTP for the period commencing 1 July 2021, was in accordance with an agreement with the Office of the Auditor General
- Referred to the Auditor General's website:
<https://oag.parliament.nz/reports/ltccp> - recommended reading on Long Term Plan publications released by the Office of the Auditor General
- Highlighted the following areas within the LTP that the auditors would focus on:
 - do-ability of the Capital Programme;
 - the conditions and performance of critical assets;
 - Climate Change (how this would be addressed in the Consultation Document);
 - the impact of Covid-19 and (5) the Consultation Document.
 - Another matter requiring focussed attention would be the Three Waters Reform and the impact thereof on the Regional Council.

In response to Questions:

- Audit Director Leon Pieterse confirmed that Audit New Zealand would have sufficient resources/personnel involved in the management of the BOPRC audit to facilitate the timely completion of the work
- Some key requirements for the Consultation Document would be:
 - to set out the contents in a reasonable way (catering for the informed reader to understand), and
 - making it clear what was being consulted on (based on reliable and supportable information)
- For the assessment of the do-ability of Capital Programmes where more than one territorial authority was involved, a sector-wide perspective/assessment approach would be applied.

Resolved**That the Risk and Assurance Committee:**

- 1 Receives the report, Audit Engagement Letter: Audit of the consultation document and Long-Term Plan for the period commencing 1 July 2021.**

**Robertson/Love
CARRIED**

5.3 Risks for Post-COVID-19 Crown Funded Projects

Chris Ingle, General Manager Integrated Catchments presented the report.

Key Points:

- Crown funding which had been made available following the Covid-19 event to support economic stimulus projects had aligned with Council's strategic priorities
- Created the opportunity to accelerate outcomes that Council was already striving to achieve – "doing more of what we were doing".

Key Points - Members:

- Since Crown funding for the projects was for a finite period, Council might be left with increased operational costs to maintain expected levels of service – this was flagged as a potential risk for Council
- Highlighted a further possible risk for Council in areas where co-funding for Opex came from various agencies: obligations could possibly not be met or milestones might not be achieved, resulting in funding being withheld or stopped
- Noted that details relating to the Wallabies Programme (covering issues such as training, employment, upskilling opportunities/social procurement outcomes and opportunities) would be further discussed by the Monitoring and Operations Committee.

Resolved**That the Risk and Assurance Committee:**

- 1 Receives the report, Risks for Post-COVID-19 Crown Funded Projects.**

von Dadelszen/Robertson
CARRIED

Item 7.1

5.4 Internal Audit Status Update

Risk & Assurance Manager Steven Slack and Principal Internal Auditor Aaron Huggins presented the report.

Key Points - Members:

- Recognised the significant progress made with Internal Audit follow-up work
- Noted that the Policy Framework Review, as directed by KPMG, would be focusing on determining if policies were fit for purpose; if all the required policies were in place and communicated clearly across the organisation. The review would apply to internal operational policies only.

Items for Staff Follow Up:

- With reference to the term “*other*” used on the graph on page 58, under “*Health and Safety*”, members noted that the Health and Safety audit did not take place in a control based audit, but rather an improvement based audit. Since the recommendations were focussed on improvement, ratings of “high, medium or low” did not apply. As it was unclear how the term “other” had been measured, members requested that alternative/clearer wording be considered
- Staff to review the current health and safety reporting presentation format. Consider other format for reporting beyond the current matrix.

Resolved

That the Risk and Assurance Committee:

- 1 Receives the report, Internal Audit Status Update.**

Clark/Robertson
CARRIED

6. Public Excluded Section

Resolved

Resolution to exclude the public

- 1 Excludes the public from the following parts of the proceedings of this meeting as set out below:**

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No.	Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution	When the item can be released into the public
6.1	Public Excluded Risk and Assurance Committee Minutes - 15 October 2020	As noted in the relevant Minutes.	As noted in the relevant Minutes.	To remain in public excluded.
6.2	Key Risk Register Update - September 2020	Withholding the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	48(1)(a)(i) Section 7 (2)(j).	To remain in public excluded.

**Love/Robertson
CARRIED**

10:38 am – the meeting closed.

CONFIRMED

Cr David Love
Chairperson, Risk and Assurance Committee



Report To:	Risk and Assurance Committee
Meeting Date:	4 March 2021
Report Writer:	Nolene Naude, Financial Accounting Team Lead
Report Authoriser:	Mat Taylor, General Manager, Corporate
Purpose:	The purpose of this report is for the Risk and Assurance Committee to receive the Audit New Zealand Report to Council for the year ending 30 June 2020 (Appendix 1)

Audit New Zealand Report to the Council for the year ending 30 June 2020

Executive Summary

The report provides recommendations and prioritises them as urgent, necessary or beneficial.

There were no recommendations prioritised as urgent or beneficial. There were four recommendations prioritised as necessary.

Recommendations

That the Risk and Assurance Committee:

- 1 Receives the report, Audit New Zealand Report to the Council for the year ending 30 June 2020.**
- 2 Notes the management actions set out in the report.**

1. Introduction

In February 2021, Audit New Zealand released the Report to Council on Bay of Plenty Regional Council for the year ending 30 June 2020. The report sets out the findings from the final audit performed in September 2020.

Audit New Zealand has identified areas where Council is performing well and recommends areas where improvements could be made, and provided an update on action taken by staff against previous recommendations.

The final report to Council includes responses from staff where appropriate. This is an Appendix and is currently being finalised, and will be circulated prior to the meeting.

The Audit New Zealand Report to Council includes the results for Council and the Quayside Group. The results for Council are summarised below.

1.1 Alignment with Strategic Framework

The Way We Work We deliver value to our ratepayers and our customers.

The Audit New Zealand report to Council provides a report on the overall performance of Council outlining recommendations for improvement and progress against prior recommendations. As a result it supports the delivery of all four Community Outcomes and the Way We Work

1.1.1 Community Well-beings Assessment

Dominant Well-Beings Affected

☒ Environmental ☒ Cultural ☒ Social ☒ Economic

The Audit New Zealand report to Council provides a report on the financial and non-financial performance of Council outlining recommendations for improvement and progress against prior recommendations and as such promotes all four aspects of community well-being.

2. Findings from the report

The Audit New Zealand report to Council outlines the matters identified during the audit, new recommendations and the status of previous recommendations.

In addition to the above, the report also includes the outcome of matters raised in the Audit Plan.

There were four new necessary recommendations raised. Detailed information for each recommendation can be found in Appendix 1.

There are fourteen previous recommendations of which staff consider six closed and eight open. A high level reconciliation of the status of the Audit New Zealand recommendations is set out in the following table:

Table 1 Status of Audit New Zealand Recommendations (staff view):

Priority	Previous Open Action	New Actions	Closed Actions	Current Open Actions
Beneficial	-	-	-	-
Necessary	14	4	11	7
Urgent	-	-	-	-
Total				

3. Considerations

3.1 Risks and Mitigations

There are no direct risk implications arising as a result of this report.

3.2 Climate Change

There are no direct climate change implications arising as a result of this report.

3.3 Implications for Māori

There are no direct implications for Māori arising as a result of this report.

3.4 Community Engagement



Engagement with the community is not required as the recommended proposal / decision relates to internal Council matters only.

3.5 Financial Implications

There are no material unbudgeted financial implications and this fits within the allocated budget.

4. Next Steps

Audit New Zealand has highlighted recommendations from the final audit for the year ending 30 June 2020. These have been appropriately noted and actions are underway to address the remaining open recommendations.



Report To: Risk and Assurance Committee

Meeting Date: 4 March 2021

Report Writer: Mat Taylor, General Manager, Corporate

Report Authoriser: Mat Taylor, General Manager, Corporate

Purpose: An updated on Risk Assurance Committee activities

Chairperson's Report

Executive Summary

This report provides the Committee with an update on Risk and Assurance Committee activities.

Recommendations

That the Risk and Assurance Committee:

- 1 Receives the report, Chairperson's Report.**

1. Introduction

The report shows an updated Risk and Assurance Work Programme for 2021, and an updated Risk and Assurance Completed Work Programme.

1.1 Alignment with Strategic Framework

The Way We Work We continually seek opportunities to innovate and improve.

1.1.1 Community Well-beings Assessment

Dominant Well-Beings Affected

☐ Environmental
 ☐ Cultural
 ☐ Social
 ☒ Economic

2. **Council Performance Monitoring Report – Detailed Briefings for Councillors**

The following monthly financial monitoring meeting (detailed financial briefing) was held with Councillors since the previous meeting of the Risk Assurance Committee:

Monday, 15 February 2021	
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3. **Risk and Assurance Work Programme**

Appendix 1 shows the Risk and Assurance Work Programme for 2021. This Work Programme sets out the planned and scheduled reporting to the Risk and Assurance Committee.

The appendix is categorised to identify the broad areas of responsibility for the Committee.

Other items may be added by councillors and staff should this be required to respond to issues as they occur throughout the year.

4. **Risk and Assurance Completed Work Programme**

Appendix 2 shows the Risk and Assurance Completed Work Programme for 2020.

5. **Considerations**

5.1 **Risks and Mitigations**

There are no significant risks associated with this matter/subject/project/initiative.

5.2 **Climate Change**

The matters addressed in this report are of a procedural nature and there is no need to consider climate change impacts.

5.3 **Implications for Māori**

The matters addressed in this report are of a procedural nature and there is no implications for Māori.

5.4 **Community Engagement**

The matters addressed in this report are of a procedural nature and there is no community engagement.

5.5 **Financial Implications**

This work is being undertaken within the current budget for the Government Activity in Year 3 of the Long Term Plan 2018-2028.

6. Next Steps

The work programme will be updated following the meeting.

Attachments

Attachment 1 - Risk and Assurance Work Programme June 2021 to December 2021 [↓](#)

Attachment 2 - Risk and Assurance Completed Work Programme February 2020 to December 2020 [↓](#)

Risk & Assurance Committee Programme June 2021 to December 2021

June 2021			September 2021		December 2021	
<ul style="list-style-type: none">External Audit Interim Management Report for the Year Ended 30 June 2021External Audit Arrangements Letter for the Audit to 30 June 2021			<ul style="list-style-type: none">Internal Audit Status UpdateInternal Audit Annual Report 2020/21 and Review Update		<ul style="list-style-type: none">External Audit Management Report for the Year Ended 30 June 2021 (if not completed in September)	
<ul style="list-style-type: none">Internal Audit Status UpdateInternal Audit Work Plan					<ul style="list-style-type: none">Internal Audit Progress Report	
<ul style="list-style-type: none">Key Risk Register – Quarterly UpdateRates Collection Project – Risk Management					<ul style="list-style-type: none">Key Risk Register – Quarterly Update	
<ul style="list-style-type: none">Chairperson’s Report (including Work Programme)Draft Annual Report Review 2020/21Setting of Rates 2021/22					<ul style="list-style-type: none">Chairperson’s Report (including Work Programme)	
External Audit	Internal Audit	Risk	Other			

***Audit & Risk Completed Work Programme
February 2020 to December 2020***

Meeting date	Report title	Purpose of report
13 February 2020 Committee Meeting	• Committee Chairperson's Report	Provides the Committee with an update on Risk and Assurance Committee Activities.
	• Cyber Security Risk Management	Confidential Report providing a high-level overview of the main ICT security risks the organisation faces, the mitigations in place, and our future initiatives.
	• Internal Audit Status Update	This report provides an update on the status of internal audit activities as at 31 December 2019
	• Key Risk Register Quarterly Update – October to December 2019	Confidential Report Key Risk Register provides risk related information for our most significant and high profile risks.
	• School Bus Services Risks	Confidential Report details what steps we have taken to mitigate each of these key risks and what is being done to strengthen Council's position and reduce each risk.
	• Final Audit Management Report for year ending 30 June 2019	The report provides recommendations and prioritises them as urgent, necessary or beneficial.
	• Kopeopeo Canal Remediation Project – Update 24 Close out	This paper provides a final update on the Kopeopeo Canal Remediation Project (KCRP) to close out the project.

Meeting date	Report title	Purpose of report
15 June 2020 Committee Meeting	• Committee Chairperson's Report	Provides the Committee with an update on Risk and Assurance Committee Activities.
	• 2019/20 External Audit Plan	Receive the draft Audit NZ Audit Plan for the audit of BOPRC for the year ending 30 June 2020.
	• Interim Report to Council for the Year ended 30 June 2020	This report provides an update on the status of internal audit activities as at 31 December 2019
	• Setting of Rates 2020/21	Provides the draft Council Rates Resolution, and its specific working requirements to ensure continued statutory compliance for the setting of Rates 2020/21.
	• Treasury Strategy 2020/21	The report outlines the key treasury management decisions for 2020/21 and staff have developed a 2020/21 treasury strategy based on 2019/20 plus updates
	• Information Technology Risk Management	Purpose of this report is to inform the Committee of the way in which BOPRC has leveraged its technology to enable our people to work effectively so that our essential and core services continue to be delivered throughout all Alert Levels of the COVID-19 event.
	• Internal Audit - Update	This report provides an update on the status of internal audit activities as at 30 June 2020.
	• Risk Management – COVID-19	This report provides an overview of the Council's COVID-19 response.

***Audit & Risk Completed Work Programme
February 2020 to December 2020***

	<ul style="list-style-type: none"> Audit New Zealand Interim Audit Report for the year ending 30 June 2020 	The report provides recommendations and prioritises them as urgent, necessary or beneficial.
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Meeting date	Report title	Purpose of report
15 October 2020 Committee Meeting	<ul style="list-style-type: none"> Committee Chairperson's Report 	
	<ul style="list-style-type: none"> Chairman's Discretionary Fund 2019/20 	To update the Committee on who was provided with financial assistance to participate in activities/events that meet certain criteria.
	<ul style="list-style-type: none"> Expenditure & Koha Report for the year ended 30 June 2020 	To update the Committee about Council's annual supplier spend.
	<ul style="list-style-type: none"> Setting audit fees for the upcoming LTP 2021-2031 audits 	To update the Committee of the approach that will be taken by Audit New Zealand to set their audit fees for the Long Term Plan 2021-2031.
	<ul style="list-style-type: none"> 2019/20 Draft Annual Report Review 	To update the Committee on the Draft Annual Report 2019/20 and Draft Annual Report Summary 2019/20.
	<ul style="list-style-type: none"> Local Government Official Information and Meetings Act 1987 – Annual report 1 July 2019 to 30 June 2020 	To provide the Committee with a summary of requests received and responded to from 1 July 2019 to 30 June 2020.
	<ul style="list-style-type: none"> Expenditure and Koha Report 	To update the Committee about Council's supplier spend and details of the koha spend.
	<ul style="list-style-type: none"> Chairperson's Discretionary Fund 2019/20 	To update the Committee about financial assistance for events/activities to individuals that meet certain criteria for 2019/20.
	<ul style="list-style-type: none"> Local Government Official Information & Meetings Act 1987 – Annual Report 1 July 2018 to 30 June 2019 	To provide the Committee with information relating to the Local Government Official Information & Meetings Act 1987 requests for 2018/19.
	<ul style="list-style-type: none"> Internal Audit Update and Audit Plan 	To update the Committee on the status of internal audit activities as at 30 June 2020.
	<ul style="list-style-type: none"> IRD Risk Review of Bay of Plenty Regional Council 	Confidential Report to provide the Committee with an update of the IRD Risk Review.
	<ul style="list-style-type: none"> Key Risk Register Update – September 2020 	Confidential Report to provide an update to the Key Risk Register.
	<ul style="list-style-type: none"> Annual Report on Legal Services & Legislative Compliance 	Confidential Report to provide an update on the status of legislative compliance and the legislative compliance framework.
	<ul style="list-style-type: none"> Rates Setting 2020/21 Update 	Confidential Report to notify the Committee of a difference in Council's rates instalment penalty dates for 2020/2.

***Audit & Risk Completed Work Programme
February 2020 to December 2020***

Meeting date	Report title	Purpose of report
December 2020 Committee Meeting	<ul style="list-style-type: none"> Committee Chairperson's Report 	
	<ul style="list-style-type: none"> Audit Engagement Letter: Audit of the consultation document and Long Term Plan for the period commencing 1 July 2021 	For the Committee to receive the Audit NZ Audit Engagement letter for the audit of the consultation document and Long Term Plan for the period commencing 1 July 2021
	<ul style="list-style-type: none"> Risks for Post COVID-19 Crown Funded Projects 	To inform the Committee on strategic risks associated with the delivery of Crown funded post COVID-19 economic stimulus projects.
	<ul style="list-style-type: none"> Internal Audit Status Update 	To provide the Committee with an update on the Internal Audit Program and the Audit Plan.
	<ul style="list-style-type: none"> Key Risk Register Update – September 2020 	CONFIDENTIAL REPORT to provide an update of the Key Risk Register.



Report To: Risk and Assurance Committee

Meeting Date: 4 March 2021

Report Writer: Aaron Huggins, Principal Internal Auditor

Report Authoriser: Mat Taylor, General Manager, Corporate

Purpose: To provide an update on the internal audit program and the audit plan

Internal Audit Status Update

Executive Summary

This report provides an update on the status of internal audit activities as at 31 December 2020 and includes:

- The status of internal audit reviews in the current year;
- The status of follow up of internal audit recommendations and management actions to 31 December 2020;
- The Executive Summary for the Climate Change Impacts Key Risks & Mitigations internal audit report (Appendix 1).

Recommendations

That the Risk and Assurance Committee:

- 1. Receives the report, Internal Audit Status Update.**

1. Introduction

This report provides the quarterly update on internal audit activity undertaken by internal audit staff and external assurance specialists, KPMG, as part of Bay of Plenty Regional Council's co-sourced internal audit approach. It includes:

- The status of internal audit reviews in the current year;
- The status of follow up of internal audit recommendations and management actions to 31 December 2020;

- The Executive Summary for the Climate Change Impacts Key Risks & Mitigations internal audit report (Appendix 1).

1.1 Alignment with Strategic Framework

The Way We Work We continually seek opportunities to innovate and improve.

2. Internal Audit Work Plan 2020/21 Status

Based on the Internal Audit Work Plan 2020/21 the following table summarises the status of internal audit reviews for 2020/21.

Review	Field work	GM Sponsor	Status	Status of Internal Audit				
				Planning /Scope	Fieldwork	Draft Report	Mgmt Actions	Final Report
Internal Policy Framework	BOPRC	Corporate	In Progress	Complete				
Fraud Risk Assessment	BOPRC	Corporate	In Progress	Complete	In Progress			
Conflict of Interest Management	BOPRC	Corporate	Complete	Complete	Complete	Complete	Complete	Complete
Consents Process	BOPRC	Regulatory Services	In Progress	In Progress				
ICT Security	BOPRC	Corporate	In Progress	Complete	In Progress			
Gravel Extraction process	BOPRC	Integrated Catchments	In Progress	Complete	In Progress			
Climate Change Impacts	BOPRC	Science and Strategy	Complete	Complete	Complete	Complete	Complete	Complete
Mount Manganui / Rotorua Air Standards	BOPRC	Regulatory Services	In Progress	Complete	In Progress			

In addition as part of the continuous improvement model adopted by BOPRC, and for the CE, LT, Managers and Staff to engage Internal Audit as a partner in this improvement, within the audit plan is scope for ad hoc reviews at the request of management.

Internal audit has conducted a number of these reviews resulting in control and efficiency improvements.

3. Internal Audit Follow Up

Internal Audit has reviewed all open management actions as part of the follow up work in the 2020/21 Work Plan.

Management actions

At the start of the quarter (1 September 2020) there were 39 open management actions.

During the quarter two actions were closed and two actions were added. The total of actions open as at 31 December 2020 is 39, the majority of these relate to Asset Management (twelve) and Grants (ten).

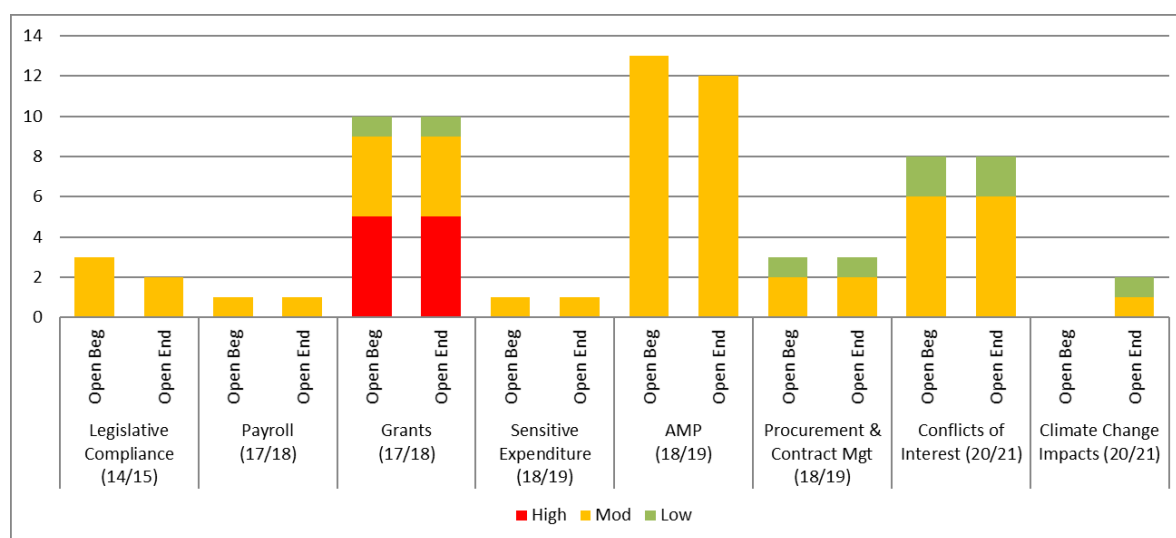


Figure 1 Open management actions (as at 31 December 2020)

Grants – the remaining actions are awaiting the final implementation in Tech 1 which forms part of the Technology roadmap. Part of the implementation is in place, with full functionality expected to be in place by the end of the financial year.

Asset Management – The Asset Management Steering Group (AMSG) was re-established in April 2020, currently the group meets fortnightly. The Asset Management Policy and Strategic Asset Management Plan were adopted by Council in December 2020, and are being reviewed by Audit New Zealand.

Of the open actions 28 are past their original due date. The overdue actions relate predominately to Asset Management (twelve) and Grants (eight).

Improvement actions

For framework reviews which have identified continuous improvement actions, these actions will be disclosed separately to give assurance to the Risk and Assurance committee that these actions continue to be monitored to ensure BOPRC's frameworks improve and develop.

At the start of the quarter (1 September 2020) there were 4 open Health & Safety improvement actions. These were previously reported as 'other', and refer to recommendations made by KPMG in 2018 for BOPRC to incorporate into its Health & Safety continuous improvement work programme which is ongoing.

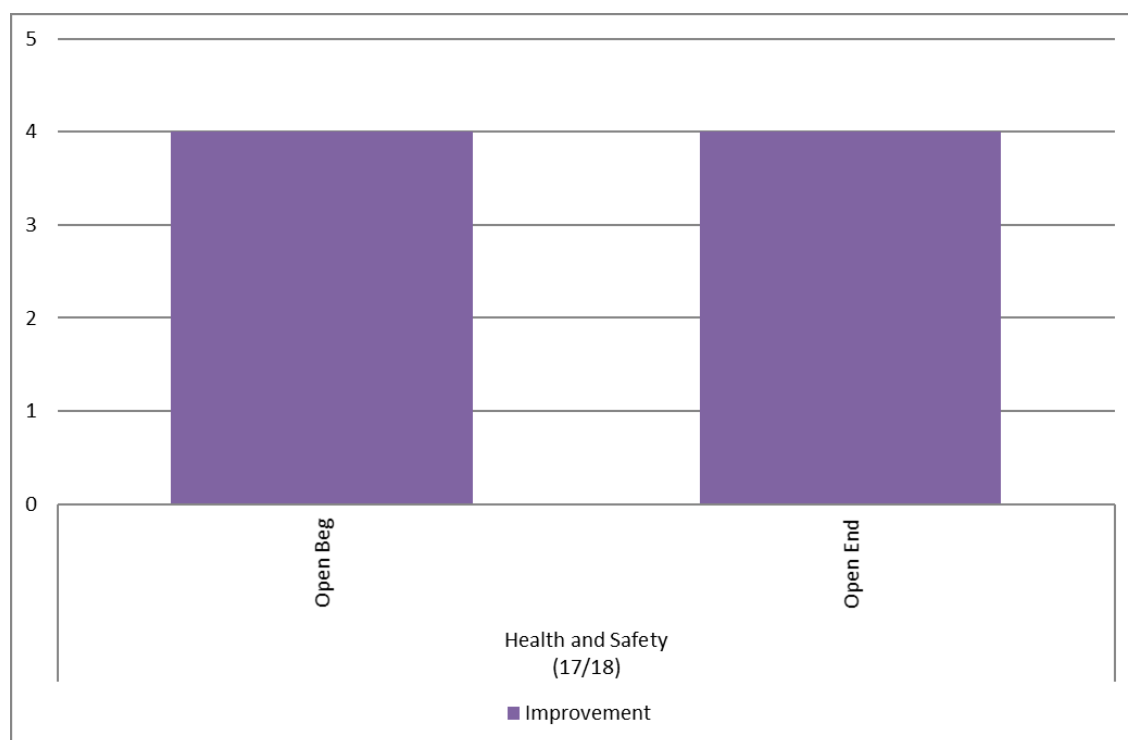


Figure 2 Open Health & Safety improvement actions (as at 31 December 2020)

4. Completed Internal Audit Reviews

Since the Audit and Risk Committee meeting in December 2020, BOPRC Internal Audit team has completed the Climate Change Impacts Key Risks & Mitigations internal audit.

Climate Change Impacts Key Risks & Mitigations

The overall objective of this Internal Audit was to provide assurance that mitigating actions and controls are operating as described, and evaluate their effectiveness in treating the key risks.

The Executive Summary for this review has been included as Appendix 2.

The review result was rated 'Adequate' under the current rating scale:

Rating	Definition
Adequate	Adequate level of controls, however some control weaknesses were identified
Developing	Control weaknesses were identified which if not addressed, could result in the future in the audited business processes not achieving their control objectives
Not Adequate	Existing controls are considered inadequate and ineffective. Significant improvements are required

The overall rating reflects that BOPRC is able to demonstrate it is performing a majority of the mitigations listed in the Key Risk Register, with minor improvements recommended.

In addition to the rating we identified good practices and controls operating effectively within the climate change impacts key risks and mitigations including:

- BOPRC has a dedicated Climate Change programme in place, supported by the Climate Change Programme Workstream Dashboard, overseen and coordinated by a Programme Manager
- BOPRC is demonstrating leadership by having programme of work underway to identify and reduce its own emissions, underpinned by annual reporting that is verified through an external auditor (Toitu), and we have recommended these actions and the reputational risk they mitigate be incorporated into the risk register
- A majority of the mitigations listed in the Key Risk Register were observed to be operating (with minor improvements only recommended regarding consistency in communication)
- BOPRC has demonstrated its own urgency relating to climate change action via its declaration of a climate emergency, supported by its Climate Change Position Statement (included with the draft Long Term Plan, released for public consultation)

5. Considerations

5.1 Climate Change

The matters addressed in this report are of a procedural nature and there is no need to consider climate change impacts.

5.2 Financial Implications

There are no material unbudgeted financial implications and this fits within the allocated budget.

6. Next Steps

To note the contents of the report.

Attachments

Attachment 1 - Climate Change Impacts Key Risk Mitigations - Executive Summary [↓](#)

Executive Summary

Background

We have completed an internal audit review of Climate Change Impacts Risks & Mitigations, as per the 2020/21 Internal Audit Work Plan.

Climate change impact is listed on BOPRC's Key Risk Register, due to the impact this will have on BOPRC's decision making processes over the longer term.

BOPRC has two distinct roles in addressing the potential impacts of climate change:

- Reviewing and adapting its own activities to ensure it is able to show leadership in reducing its own carbon footprint, and planning for the impacts of climate change
- Guiding and influencing stakeholders across the wider Bay of Plenty in how to reduce their carbon footprint while preparing for the impacts of climate change

The overall aim for BOPRC is to encourage a sense of urgency within the wider Bay of Plenty community to mitigate against the long term impacts of climate change.

Objective and Scope

The overall objective of this Internal Audit was to provide assurance that mitigating actions and controls are operating as described, and evaluate their effectiveness in treating the key risks.

Specifically the review included:

- Reviewing the current mitigating actions and controls, and ensuring they are operating as described
- Determining the effectiveness of the current mitigating actions and controls in addressing the stated risks
- Reviewing the risks associated with Climate Change Impact, the scoring and future steps, alignment to BOPRC's risk appetite, and identifying if these need to be updated
- Providing recommendations for improvement where opportunities are identified

Overall Rating

Based on the results of the review, we have rated the control environment relating to Climate Change Impacts Risks & Mitigations as 'Adequate'.

Overall Rating	Adequate
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The overall rating reflects that:

- BOPRC is able to demonstrate it is performing a majority of the mitigations listed in the Key Risk Register, with minor improvements recommended

Evaluation of Key Risks and Mitigations

It should be noted that while BOPRC, like other Regional Councils across New Zealand, is responsible for being a leader with respect to climate change considerations in its region it is not responsible for creating a climate change solution.

BOPRC's approach to climate change should be considered in the context of emerging central government policy, emerging scientific research and guidance, and shifting public attitudes and awareness. It is further complicated by the dualistic nature of climate change – it is widely accepted that significant action is required in the shorter term to reduce the impact of climate change, but the impacts are expected to be experienced over a much longer timeframe.

As such, the key risks for BOPRC are at an organisational level, rather than a regional level.

Key Strengths

Within the climate change impacts risks and mitigations we identified good practices and controls operating effectively including:

- BOPRC has a dedicated Climate Change programme in place, supported by the Climate Change Programme Workstream Dashboard, overseen and coordinated by a Programme Manager
- BOPRC is demonstrating leadership by having programme of work underway to identify and reduce its own emissions, underpinned by annual reporting that is verified through an external auditor (Toitu), and we have recommended these actions and the reputational risk they mitigate be incorporated into the risk register
- A majority of the mitigations listed in the Key Risk Register were observed to be operating (with minor improvements only recommended regarding consistency in communication)
- BOPRC has demonstrated its own urgency relating to climate change action via its declaration of a climate change emergency, supported by its Climate Change Position Statement (included with the Long Term Plan, about to be released for public consultation)

Overview of Findings

During the review a total of two findings were raised, and discussed at the close out meeting. The ratings of these findings are: one Moderate, one Low.

The table below provides a high-level overview of findings raised, their risk rating, and implementation date. Relevant management actions have been identified for all findings and are detailed in the following section of this report.

#	Audit Finding	Recommendations	Risk Rating	Target Date
1	The reputational risk and mitigations of being perceived by stakeholders across BOP to not be doing enough internally to address its own emissions has not been incorporated in the Key Risk Register	1.1. Update the Key Risk Register to incorporate the identified risk and mitigations 1.2. Communicate externally current efforts to identify and reduce emissions	Moderate	30 June 2021
2	Climate change scenario messaging	2.1. Standardise the external messaging provided by BOPRC to consistently refer to currently accepted climate change science 2.2. Provide training to Land Management Officers and other applicable public-facing staff to ensure a consistency of message in how potential climate change scenarios could impact landowners (and other stakeholders) at a granular/localised level	Low	31 December 2021

Opportunity

During our review of Climate Change Impacts Risks & Mitigations we identified one opportunity. This is an area where we believe efficiency can be achieved. This does not relate to significant deficiencies or issues with controls therefore has not been included as a rated recommendation.

Acknowledgement

We would like to thank the Engineering, Facilities & Information, Coastal Catchments, Integrated Catchments, & Environmental Strategy teams for their cooperation during the course of the audit.